

V. Uniform Per Student Funding Formula

The State Education Office shall “make recommendations to the Mayor and Council for periodic revisions of the Uniform Per Student Funding Formula...”

A. Summary Chart

	A. Pre-Transfer	Post-Transfer
Responsible Office & Budget Authority	De facto leadership provided by DC Council Education Committee staff.	Responsibility & budget authority legislatively assigned to State Education Office.
Personal Services	FY 2000: Estimated costs unavailable. Staff time contributed by participating agencies.	FY 2001: \$ 30,000 (est.)
Program Costs	FY 2000: None	FY 2001: \$175,000 (research & analysis)

B. Background

Legislation. The following three excerpts from DC Code provide the basis and authority for the process described in this document for developing informed recommendations for revisions to the Uniform Per Student Funding Formula.

Section 2401 (b) of the District of Columbia School Reform Act of 1995 (DC Code § 31-2853.41) requires that “the Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, shall establish...a formula to determine the amount of—

- (A) the annual payment to the Board of Education for the operating expenses of the District of Columbia Public Schools...; and
- (B) the annual payment...for the operating expenses of each public charter school.”

DC Act 13-387, the State Education Office Establishment Act, requires the State Education Office (SEO) to “make recommendations to the Mayor and Council for periodic revisions of the Uniform Per Student Funding Formula pursuant to Section 112 of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 2000 and provide information and data related to such revisions including the study of actual costs of education in the District of Columbia, consideration of performance incentives created by the formula in practice, research in education and education finance, and public comment.”

Section 112 of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 2000 (DC Code § 31-2911) requires that “the Mayor and Council, in consultation with representatives of the District of Columbia Public Schools (DCPS) and of the Public Charter Schools, shall review and revise (the) Formula within 2

years of its establishment, within 2 years after this initial review and revision, and once every four years subsequently. Revisions shall be based upon information and data including study of actual costs of education in the District of Columbia, consideration of performance incentives created by the formula in practice, research in education and education finance, and public comment.”

History. As directed by Congress, an initial version of a uniform per student funding formula was developed and passed by the Council of the District of Columbia in 1996. Initially, the formula was used only to distribute appropriated funds to public charter schools (there was a single start-up charter school in the first year) and was constructed to fit within an appropriation level that already was set. The Uniform Per Student Funding Formula was first used to determine the level of appropriated funds for the District of Columbia Public Schools in FY 2000.

Until now, the initiative for the development of the funding formula has come from the Committee on Education, Libraries and Recreation of the Council of the District of Columbia, which is the body that prepares and submits the formula funding bill to the full Council for action. The development of recommendations for the Council’s consideration in establishing and revising the funding formula has been an iterative, consensus process carried out by an ad hoc group headed by a Council staff person. Although the group’s membership has fluctuated over time, there has been core representation from Committee staff, the District of Columbia Public Schools, the two chartering authorities, and the Office of the Chief Financial Officer.

Accomplishments to Date. The process to date has had several strengths. The work of the ad hoc group has resulted in a serviceable formula, developed with a minimum of resources, that now applies to both the District of Columbia Public Schools and public charter schools. The process has had the benefit of generous and substantial participation by capable individuals with the needed understanding, interests, and capacities.

On the other hand, there were circumstances that limited and frustrated the work of the ad hoc group. For example, the group did not have a set membership or clear expectations for participation. There also was a lack of formally designated leadership responsibility. Of necessity the leadership responsibility for doing cost analyses and making recommendations regarding provisions of the funding formula fell to the Council's Committee on Education, Libraries and Recreation, which also received and acted upon the recommendations. Because of problems with timing, as well as other factors, the activities of the group often tended to be reactive rather than anticipatory and proactive. For similar reasons and for lack of a long-term strategy, it was necessary for some decisions to be made piecemeal. In addition, there was a lack of adequate resources for research and analysis, particularly regarding the actual cost of particular services.

Current Status. The State Education Office already has begun to take responsibility for reviewing the adequacy of the Uniform Funding Formula and developing a process for preparing recommendations for future revisions. The SEO has been holding meetings

with representatives of the offices and agencies that are affected by or otherwise have a stake in the provisions of the formula.

C. Proposal for Transfer of the Function

Authority. As provided by newly enacted law, responsibility for making recommendations to the Mayor and Council for periodic revisions of the Uniform Per Student Funding Formula is assigned to the newly created State Education Office.

Leadership. Leadership for this function will reside with the State Education Office. A representative Technical Work Group, established and convened by the State Education Office, will assist the SEO in preparing recommendations for revisions to the formula.

Responsibilities of the State Education Office. The State Education Office will be responsible for conducting the following activities:

1. Reviewing available data on the costs of education in the District of Columbia;
2. Identifying aspects of the Formula where revisions may be needed;
3. Identifying areas where research and analysis are needed to inform and support recommended revisions;
4. Preparing recommendations and justifications, to be submitted to the Council and the Mayor, for specific revisions to the Uniform Per Student Funding Formula;
5. Tracking the effects and judging the adequacy of the Formula to provide an equitable and adequate distribution of appropriated funds for both the District of Columbia Public Schools and public charter schools; and
6. Conducting studies of the actual costs of education in the District of Columbia, as well as analyzing comparative costs of education in other jurisdictions.
7. Increasing parent and public understanding of the provisions and effects of the Formula, and providing opportunities for public input regarding funding priorities that should be reflected in formula weights.

Role of the Technical Work Group. The Technical Work Group will advise and assist the State Education Office in carrying out the responsibilities listed above. The Technical Work Group will be formally established by the State Education Office and shall include representatives of the District of Columbia Public School system; the DC Public Charter School Board; the DC Board of Education Chartering Authority; the DC Council Committee on Education, Libraries and Recreation; the Office of the Mayor, and the Office of the Chief Financial Officer. In addition, the State Education Office will be assisted from time to time by selected individuals having the specialized technical and program knowledge and skills that could contribute substantially to the quality of the work in a particular area of consideration.

Description and Schedule of Activities. In order to satisfy the requirements of Section 112 of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 2000, the State Education Office will organize its work around the following activities and timeline.

Activity Already Underway. The State Education Office, in consultation with the Technical Work Group, has determined that the special education weights contained in the Uniform Per Student Funding Formula do not appear to cover the actual costs of providing services. However, there is inadequate cost information on which to base adjustments in the current weights. An intensive effort was made, through an “interim analysis” conducted during December, 2000, to develop at least preliminary information on the actual costs of serving eligible students at particular special education service levels. It proved impossible, within the limited time available, to get access to, verify and analyze sufficient data to enable the State Education Office to make recommendations to the Mayor and the Council for interim adjustments in weights contained in the formula.

However, the State Education Office has forwarded to the Council recommendations regarding 1) the definitions of special education service levels, 2) calculation of the weights for the participation of special education students in summer school, and 3) adjustments to and incorporation of amendments to the Uniform Per Student Funding Formula and DC Reform Act already enacted as emergency or temporary legislation.

Periodic Review and Revision of the Funding Formula. As required by law, the State Education Office will periodically review and recommend revisions to the Formula according to the following schedule.

1. The State Education Office will conduct its first required biennial review and revision of the Formula during 2001, submitting its report and recommendations to the Council and the Mayor by September 30, 2001, in time to advise the preparation of the FY 2003 budget.
2. The report and recommendations from the second biennial review and revision will be submitted to the Council and the Mayor by August 1, 2003, in time to affect the preparation of the FY 2005 budget.
3. Subsequent reports and recommendations will be prepared and submitted in four-year intervals. However, in cases where urgent needs are identified, the State Education Office may submit recommendations for emergency revisions in years that do not fall within the schedule above.

Provisions for Research and Analysis. The State Education Office will request resources in its budget for needed research, data gathering, and analysis. The Technical Work Group will assist the SEO in identifying areas in which studies are needed and in preparing proposals for commissioning and conducting the work. Initially, the SEO will develop specifications for a study of actual costs of education in the District of Columbia, which is required by law. The first phase of the cost of education study, to be conducted in 2001, will focus primarily on determining the costs of delivering special education services in the District of Columbia Public Schools and in public charter schools. An important element of this study will be an examination of the excess costs of special placements of Level 4 students in educational settings outside of the District of Columbia Public Schools and the amount that could be saved by providing high quality services

within DCPS. Subsequent phases of the cost of education study will focus on other cost areas, based on priorities determined by the State Education Office. In addition, the State Education Office will request resources in its budget to secure expert consultants, as needed, to advise the SEO.

Issues for Consideration in the First Biennial Review of the Funding Formula. The first mandated biennial review, conducted by the State Education Office will examine the adequacy and reasonableness of all elements of the Uniform Per Student Funding Formula. However, special attention will be given to further refining the weights for special education.

Staff Required By the State Education Office to Carry out the Function. The State Education Office must be capable of carrying out a number of staff responsibilities related to the Uniform Per Student Funding Formula, such as managing and providing leadership for working groups and consultants; developing scopes of work for personal services contracts and RFPs for competitive procurements; preparing technical reports and recommendations based on commissioned research, technical analyses, and other available information; and conducting briefings and making presentations on the structure and effects of the Uniform Per Student Funding Formula and the expenditure patterns of the District of Columbia Public Schools and public charter schools, including comparisons with public school systems in other jurisdictions.

It is expected that these responsibilities would be performed by a professional staff member with a background in education, experience in education finance and general knowledge about the use of weighted student formulas for funding schools and school districts.

First-Year Budget Requirements. It will be necessary to include the following expenditures in the SEO's FY 2001 budget in order to accomplish the work described above.

Budget Element	Amount
Consultant Services	\$ 50,000
Contracted Services: Study of Cost of Special Education Services	<u>125,000</u>
Total	\$ 175,000

Factors with Potential for Disrupting Services to Students. The transfer of this function to the State Education Office, by itself, has no potential for disrupting services to students. However, there is evidence that the current add-on weights for students eligible for certain levels of special education services may be inadequate to support the delivery of the services required by their Individual Education Plans (IEPs). The findings of the proposed study of the cost of special education services will be essential to developing future funding weights that deliver sufficient funding for schools to fully deliver the services needed to comply with existing and yet to be negotiated student IEPs.

D. Schedule of Key First-Year Tasks

The following tasks are critical to the first year of State Education Office responsibility for managing activities related to the development and revision of the Uniform Per Student Funding Formula.

Task Description	Projected Completion Date
1. Formally establish the Technical Work Group, which will advise and assist the State Education Office in further development of the Uniform Per Student Funding Formula and in tracking its effects.	March 2001
2. Identify and employ a qualified staff person to manage the Uniform Per Student Funding Formula program.	March 2001
3. Prepare a scope of work for a study of the cost of delivering special education services in the District of Columbia.	February 2001
4. Select a contractor and conduct a study of the cost of delivering special education services.	March 2001
5. Based on the findings of the study of the cost of delivering special education services, prepare recommendations for required biennial revisions of the Uniform Per Student Funding Formula.	September 30, 2001
6. Prepare a multi-year plan for periodically reviewing the adequacy of the Uniform Funding Formula, systematically studying the costs of delivering specific types of education services, and preparing recommendations for further revisions to the Formula.	June 2001